STAND. COM. REP. NO. 3152

Honolulu, Hawaii

MAR 3 1 2014

RE: H.B. No. 2142

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

## Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2142 entitled:

"A BILL FOR AN ACT RELATING TO POST-SECONDARY EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal the requirement that a private college or university show that it maintains profitability as a means of demonstrating financial integrity to the Department of Commerce and Consumer Affairs at the time of its application for authorization; and
- (2) Repeal section 304A-3153, Hawaii Revised Statutes, relating to procedures for complaints to the University of Hawaii concerning institutions of higher learning in the State.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs Hawaii Post-Secondary Education Authorization Program and University of Hawaiii System.

Your Committee finds that although it is important that schools consistently maintain positive equity in their financial statements, it is neither uncommon nor inappropriate for a school to have financial statements that do not reflect profitability in every year that it has been in operation. Since schools may incur a loss in a particular year but still maintain positive equity,

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your Committee further finds that the deletion of the demonstration of profitability requirement, as proposed in this measure, is appropriate.

Your Committee additionally finds that Act 180, Session Laws of Hawaii 2013, identified the Department of Commerce and Consumer Affairs as the state entity that would perform the regulatory functions of authorizing post-secondary institutions and handling complaints against such institutions. This measure adds greater clarity to what is required of private colleges and universities with regard to demonstrating financial integrity when applying for authorization and minimizes redundancy in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2142, and recommends that it pass Third Reading.

Respectfully submitted on behalf of the members of the Committee on Commerce and Consumer Protection,

ROSALYN H BAKER, Chair

## The Senate Twenty-Seventh Legislature State of Hawai'i

## Record of Votes Committee on Commerce and Consumer Protection CPN

| Bill / Resolution No.:*  | Committee Referral: Date: |     |          |     |                                       |
|--|---------------------------|-----|----------|-----|---------------------------------------|
| HB2142   | HRE, CPN 3/25/14          |     |          |     |                                       |
| The committee is reconsidering its previous decision on this measure.  |                           |     |          |     |                                       |
| If so, then the previous decision was to:  |                           |     |          |     |                                       |
| The Recommendation is:   |                           |     |          |     |                                       |
| Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313  |                           |     |          |     |                                       |
| Members  |                           | Aye | Aye (WR) | Nay | Excused                               |
| BAKER, Rosalyn H. (C)  |                           | 1   |          |     |                                       |
| TANIGUCHI, Brian T. (VC)   |                           | V   |          |     |                                       |
| NISHIHARA, Clarence K.   |                           |     |          |     |                                       |
| WAKAI, Glenn   |                           |     | ٠.       |     |                                       |
| SLOM, Sam  |                           | V   |          |     |                                       |
| <u> </u>   |                           |     |          |     |                                       |
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| TOTAL  |                           | 4   | 0        | ()  |                                       |
| Recommendation:  |                           |     |          |     |                                       |
| Adopted Not Adopted  |                           |     |          |     |                                       |
| Chair's or Designee's Signature:   |                           |     |          |     |                                       |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy |                           |     |          |     |                                       |

\*Only one measure per Record of Votes